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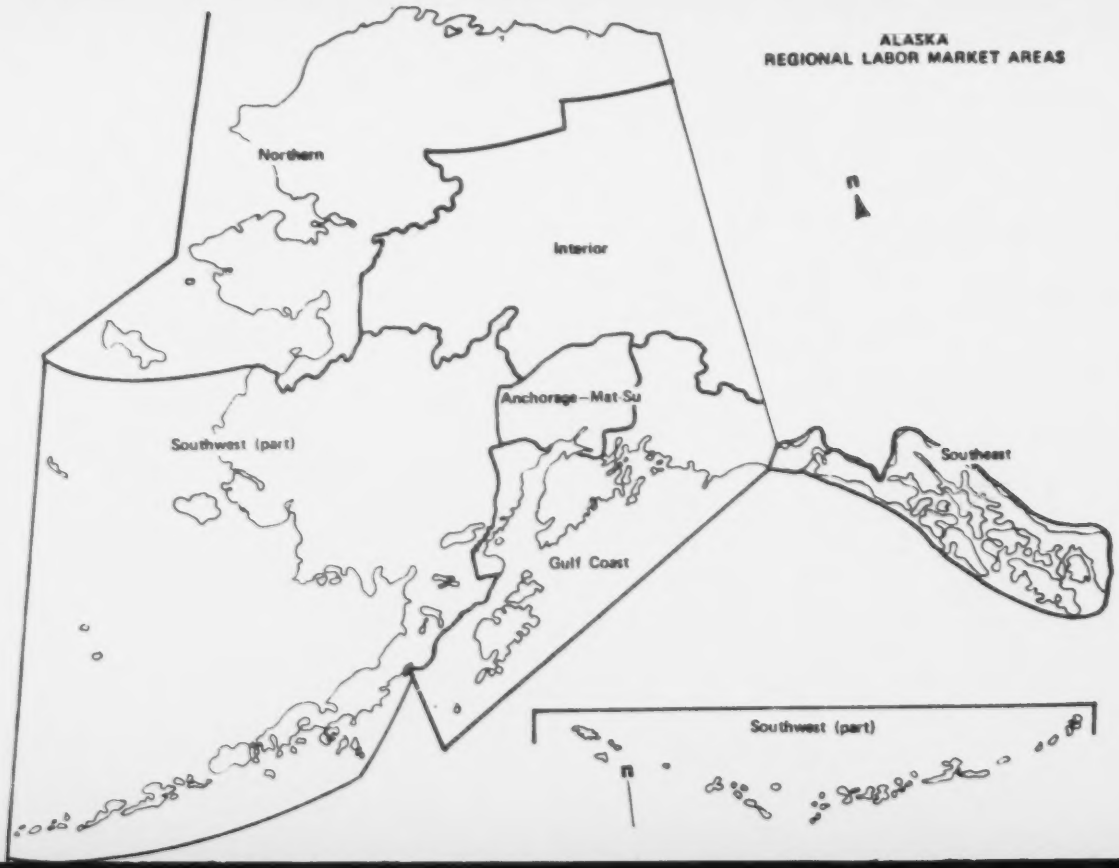
ALASKA DEPARTMENT OF LABOR
JAY S. HAMMOND, GOVERNOR

ALASKA ECONOMIC TRENDS

October 1982


ALASKA
REGIONAL LABOR MARKET AREAS
Northern
Interior
Anchorage–Mat-Su
Southwest (part)
Southeast
Gulf Coast
Southwest (part)

ALASKA ECONOMIC TRENDS

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THE CPI AND CAPITAL MOVE INDEMNIFICATION

By Brit Harvey

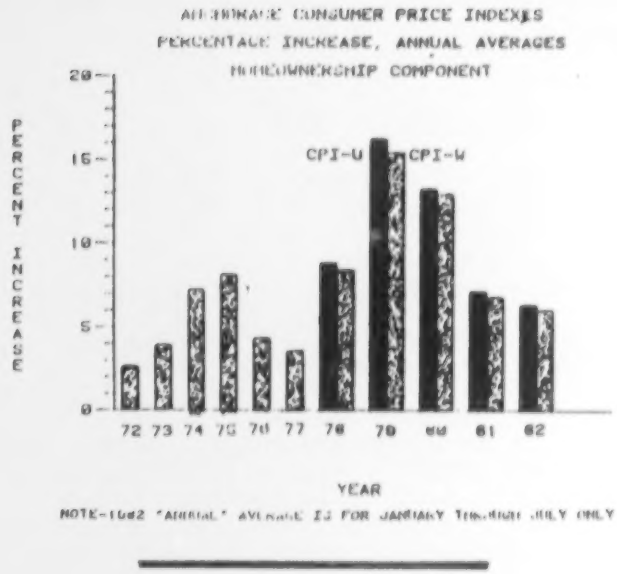
The Consumer Price Index (CPI) is used in a variety of circumstances to adjust money payments over time. The Alaska Legislature chose to use the CPI to adjust the value of residential property in Juneau indemnified by the state in the event of a capital move. Several aspects of this legislation are potentially confusing. This article reviews the legislative basis for indemnification, provides the relevant CPI data, and discusses methodological problems in the CPI data which impact the indemnification issue.

Chapter 44.08 of the Alaska Statutes is entitled "Relocation Indemnification." The law provides for the compensation of Juneau property owners for losses resulting from a capital relocation. Three categories of property are specified; business capital assets (including rental real property), mobile homes, and residential real property. Business capital assets and mobile home indemnification are not based on the CPI. All other indemnified property, essentially residential property, is adjusted in value by the CPI. Owners need not be state employees to be indemnified.

INDEMNIFICATION

A base year fair market value is arrived at for all residential property. For property in existence before January 1, 1976, the assessed value as of that date is the fair market value. Property improved or constructed after this date has the base year fair market value of its first tax assessment. If the property is sold for less than the base year fair market value in subsequent years, the sale price becomes the base year fair market value. This base year fair market value is adjusted for improvements or deterioration, and for inflation. If the property-owner sells and receives less than 95% of the adjusted base year fair market value, the state will give the owner the difference between the sale price and 95% of the adjusted base year fair market value, if the lower sale price is deemed entirely the result of the capital relocation. If no seller can be found, the state will buy the property directly for 95% of the adjusted base year fair market value.

Clearly the adjustment for inflation is an extremely important



aspect of the law. This inflation adjustment is specified in the law as follows (Sec. 44.08.060(a)(4)):

> ". . .to reflect quarterly changes in value as determined by comparing the then current quarterly homeownership costs in the Anchorage consumer price index. . .with those published for July 1975; in no case shall the quarterly adjustment factor be less than the average quarterly rate of increase in the index for the calendar years 1971 through 1974 or greater than the average quarterly rate of increase in the index for the four-year period ending the preceding January 1."

At the time the law was passed there was a single Anchorage CPI issued quarterly. In 1978 a change was made. There are now two CPI's, all urban consumers (CPI-U) and urban wage and clerical workers (CPI-W). The new CPI's are issued bi-monthly, rather than quarterly. This introduces ambiguity into the interpretation of the above-quoted passage.

In July, 1975, the Anchorage homeownership component of the CPI was 145.2. The most recent Anchorage homeownership components, as of this writing, are for July, 1982. They are 252.6 for CPI-U and 248.3 for CPI-W. These figures represent 74.0% and 71.0% increases, respectively. The language of the

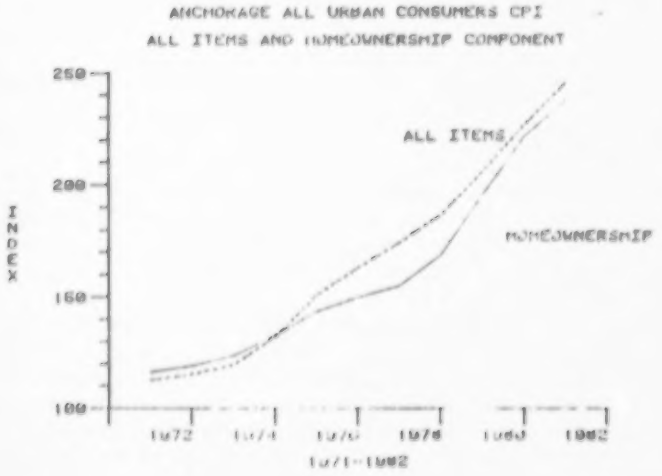
law suggests that an "average quarterly adjustment factor" must be derived from these overall percentage increases. Using the appropriate formula which accounts for compounding, the average quarterly percentage increase in the Anchorage homeownership component of the CPI's between July, 1975 and July, 1982 is 2.0% for CPI-U and 1.9% for CPI-W.

The lower bound specified in the law for inflation adjustment is the average quarterly rate of increase for the calendar years 1971 to 1975. Using the January, 1971 Anchorage homeownership component of 118.6 and the January, 1975 figure of 138.0, the average quarterly rate of increase is 1.0%.

The upper bound is the average quarterly rate of increase for the four year period ending the preceding January 1. Using January, 1978 through January, 1982 as the current four year period, the figures are 2.6% for CPI-U and 2.5% for CPI-W. It should be noted that this is a purely hypothetical upper bound, as the actual upper bound would be computed at the time applications for indemnification were received by the state. The figures given above would be effective if applications were received this year.

EXAMPLE

An example of how the state would indemnify a homeowner if an application was received in August of this year follows.



Assuming a house assessed at $60,000 in 1976 which was maintained but not improved, for which no buyer could be found, and for which all loss of value was attributable to the capital move, the adjusted base year fair market value would be $104,400 or $102,600, depending on which CPI is used. The indemnification payment of 95% of this value would be $99,180 or $97,470.

CPI HOMEOWNERSHIP COMPONENT

A related issue is the methodology used by the Bureau of Labor Statistics (BLS), U.S. Department of Labor, to compute the homeownership component. This component consists of two subcomponents, house prices and mortgage prices. BLS uses a standard method throughout the country to survey housing and mortgage costs. While the details are complex, it is sufficient here to note that Alaska Housing Finance Corporation (AHFC)-financed houses and loans are not included in the BLS survey. AHFC currently finances almost all house sales in Anchorage. The result is that BLS has insufficient sample in Anchorage to compute the homeownership component. In such cases, BLS uses data from similar-sized urban areas in the region (western U.S.) as a proxy. This means that during the period in which AHFC has dominated Anchorage housing finance, the Anchorage homeownership component has been based on housing and mortgage prices in places such as Spokane, Washington or Fresno, California.

This situation will continue for the CPI-U until January, 1983. At this time BLS will switch to a "rental equivalency" method of calculating homeownership costs (See September *Trends*). Instead of surveying house and mortgage prices, BLS will estimate homeownership costs by surveying rental prices in equivalent houses. This methodology will render the AHFC problem moot. The CPI-W will not change until January 1, 1985, a two-year gap. In the interim, the CPI-W will continue to be calculated from proxy data from other cities, barring a change in BLS methodology or AHFC popularity. It is very likely that the Anchorage homeownership component in the CPI-U will diverge significantly from the CPI-W. The indemnification law does not specify which CPI is to be used.

The eventual impact on Juneau property owners of this complicated situation is dependent on future events, and is difficult to predict. The forecast variables are housing and mortgage prices in proxy cities for the next two years, and Anchorage rental prices through the rest of the decade. If voters elect to move the capital, if the move is carried out, if the current

indemnification law prevails, and if the legislature chooses to fund indemnification, Juneau homeowners will be indemnified on the basis of one of two probably quite different CPI figures for Anchorage homeownership, neither of which is entirely a measure of Anchorage homeownership costs. Millions of dollars will probably ride on the choice between CPI's.

SUMMARY

In summary, all Juneau residential property owners are indemnified for losses caused by a capital relocation under current law. Allowances for inflation will be a very important factor in determining the value of Juneau residential real estate. Current law specifies the Anchorage homeownership component of the CPI as the measure of inflation. There are two CPI's, with no indication of which is to be used. Both Anchorage CPI's currently estimate homeownership costs by proxy, as AHFC-financed houses are not included in the survey. This method will continue until 1985 for the CPI-W, and until 1983 for the CPI-U. The law specifies an upper and lower bound for the inflation adjustment. It appears that the adjustment figure is likely to fall within these bounds, although only future CPI's can confirm this.

ALASKA

By Brit Harvey

NONAGRICULTURAL EMPLOYMENT

Alaska nonagricultural wage and salary employment exceeded 200,000 for the first time in the state's history during August. The August employment of 200,300 was 0.2% above July and 5.6% above last year. For the most part August employment remained at the summer peak reached in July. At the industry level there were few changes.

PATTERNS OF EMPLOYMENT CHANGE

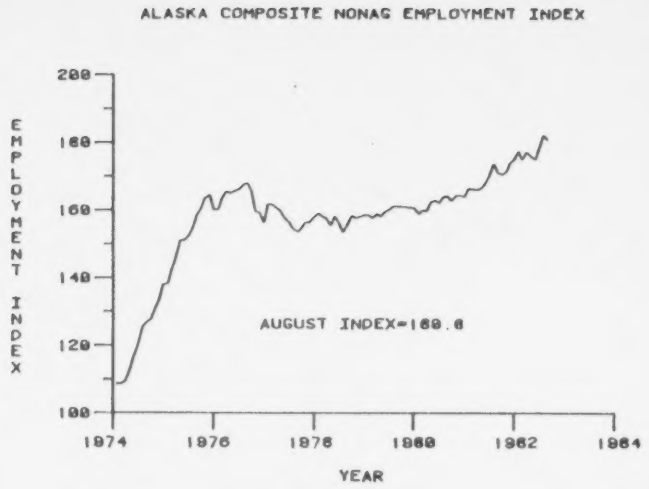
Despite attempts to encourage development of renewable resources, the 1982 summer employment peak reflects an opposite trend. Among the basic industries, mining (including oil and gas), a nonrenewable resource industry, shows 13% employment expansion this August over last year. The renewable resource sectors, fish processing and lumber and pulp, are down by 5% and 13%, respectively. Government and construction, both of which are largely based on nonrenewable oil wealth, are up over the year by 4% and 14%, respectively. It appears that the past year has seen Alaska become more, rather than less, dependent on nonrenewable resources. This trend may continue. No end is in sight to the depression afflicting the forest products industry, and seafood processing employment will be hurt by an expected poor crab catch.

The secondary industries expanded in the past year by roughly 7%, except transportation, communication and utilities, which showed 4% expansion.

The pattern of industry employment level changes is reflected in regional employment changes. Anchorage is the center for nonrenewable resource industries, and the secondary industries. It is these industries which have grown in the past year, resulting in an Anchorage employment increase of 9%. The rest of the state, which relies more on renewable resource industries and government, increased employment in the past year by only 2.5%.

UNEMPLOYMENT

The Alaska August unemployment rate was 8.4%. Compared

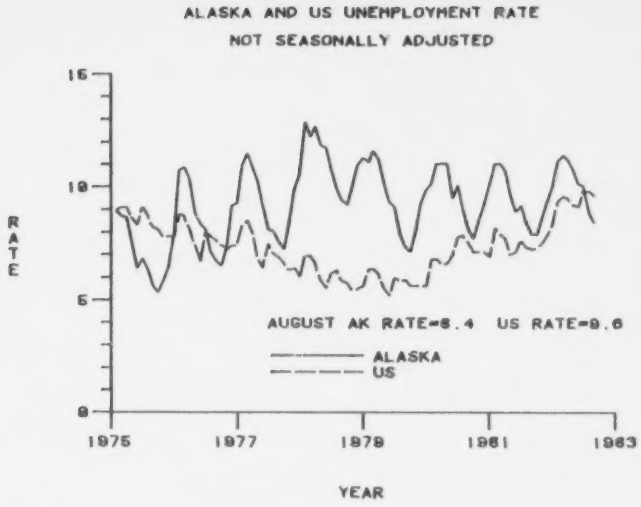


to last year, when August unemployment was 7.9%, 8.4% appears high. When compared to the rest of the U.S., 8.4% is fairly low. The U.S. August rate (not seasonally adjusted) was 9.6%. Alaska's July preliminary rate of 8.8% ranked 29th among states. The August ranking is likely to be even lower. August was only the second month since 1976 that Alaska's unemployment rate has been below the comparable U.S. rate. Essentially, Alaska unemployment is a little higher this year, but U.S. unemployment is a lot higher, making Alaska look relatively better.

Alaska unemployment climbs during fall and peaks in the winter. Alaska's winter unemployment rates will almost certainly exceed national rates, placing Alaska in its usual position as a relatively high unemployment state.

LABOR SURPLUS AREAS

The U.S. Department of Labor, Employment and Training Administration identifies "labor surplus areas." Employers located in these designated areas are potentially eligible for preference in bidding on federal procurement contracts. Areas with unemployment rates at least 1.20 times the national unemployment rate for the previous two years are included in the list of labor surplus areas. As of September 1982, these Alaska census divisions are labor surplus areas:



Angoon
Bethel
Bristol Bay Borough
Cordova-McCarthy
Fairbanks
Haines
Kenai-Cook Inlet
Ketchikan
Kobuk
Kodiak
Kuskokwim
MatSu
Nome
Outer Ketchikan
Prince of Wales
Seward
Skagway-Yakutat
Southeast Fairbanks
Upper Yukon
Valdez-Chitina-Whittier
Wade Hampton
Wrangell-Petersburg
Yukon-Koyukuk

Thesecensus divisions are not labor surplus areas:

Aleutian Islands
Barrow-North Slope
Bristol Bay
Juneau
Sitka
Anchorage

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK ALASKA

	P/	R/		CHANGES FROM:	
	8/82	**7/82**	**8/81**	**7/82**	**8/81**
Nonag. Wage & Salary.....	200300	200000	189700	300	10600
Mining	8700	8900	7700	-200	1000
Construction	17900	17600	15700	300	2200
Manufacturing	16800	16400	17500	400	-700
Food & Kindred Prod.....	10700	10300	11200	400	-500
Lumber & Paper Prod....	2600	2700	3000	-100	-400
All Other Mfg.	3500	3400	3300	100	200
Trans. Comm. & Util.	19900	20100	19100	-200	800
Trucking & Whseing.	2400	2400	2100	0	300
Water Transportation	1700	1800	1800	-100	-100
Air Transportation	5900	6200	6200	-300	-300
Other Transportation Comm. & Utilities	9900	9700	9000	200	900
Trade	34500	34700	32100	-200	2400
Wholesale Trade	6900	6900	6300	0	600
Retail Trade.....	27600	27800	25800	-200	1800
Gen. Merchandise & Apparel	4500	4600	4300	-100	200
Food Stores.....	4700	4800	4300	-100	400
Eating & Drinking Places	9900	9900	9200	0	700
Other Retail Trade	8500	8500	8000	0	500
Finance-Ins. & R. Estate ..	9300	9600	8800	-300	500
Services & Misc.....	34700	34600	32500	100	2200
Government	58500	58100	56300	400	2200
Federal Government	18200	18300	18200	-100	0
State Government	16800	16900	16200	-100	600
Local Government.....	23500	22900	21900	600	1600

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

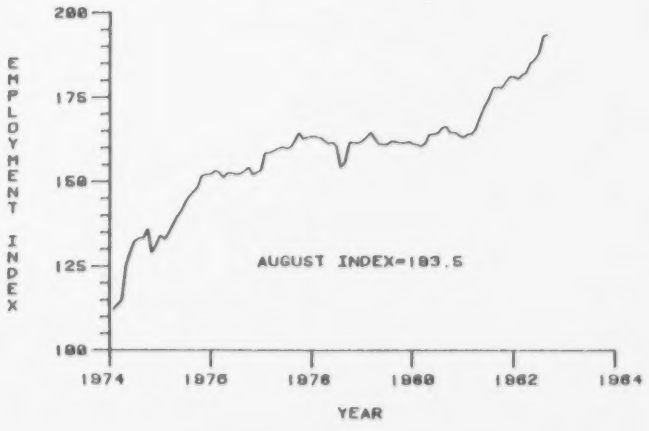
R/ Denotes revised estimates.

ANCHORAGE/MATSU

By Greg Huff

NONAGRICULTURAL EMPLOYMENT

Anchorage nonagricultural employment for August continued to expand, increasing by 900. The picture was more mixed than last month with most industries registering employment increases but a few declined. Though most of the increase was seasonal in nature the composite index which is seasonally adjusted managed a slight over-the-month increase. Construction employment did not rise as much as usual but this was due to strong hiring earlier in the season. Manufacturing employment declined as a result of layoffs by local fish processors. Air transportation employment dropped over-the-month as a result of Northwest Airline layoffs and seasonal fluctuations. Federal government employment declines were not unexpected given budget cuts.



LABOR FORCE BY REGION AND CENSUS DIVISION

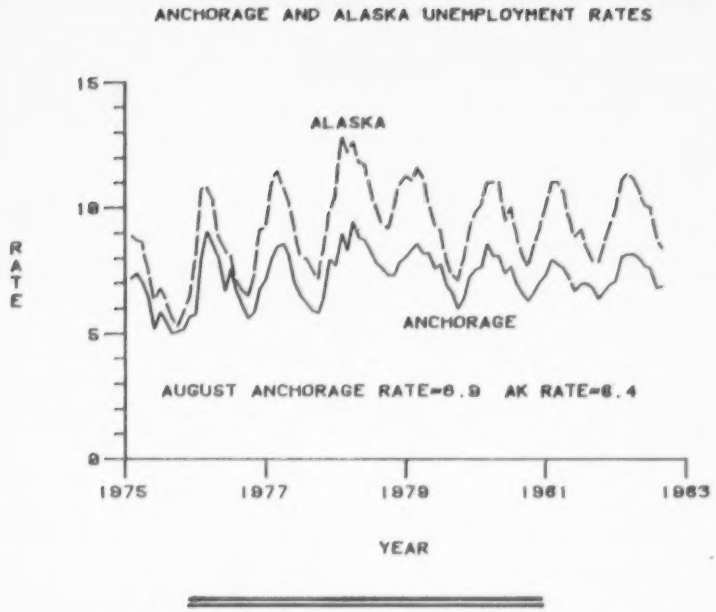
	Labor Force			Unemployment			Rate			Employment		
	P 8/82	R 7/82	8/81	P 8/82	R 7/82	8/81	P 8/82	R 7/82	8/81	P 8/82	R 7/82	8/81
Alaska Statewide	210234	212381	202616	17630	18680	16098	8.4	8.8	7.9	192604	193701	186518
Anch.-MatSu Region	107387	108507	101178	8021	8129	7295	7.5	7.5	7.2	99366	100378	93883
Anchorage	96796	97761	91373	6638	6685	6190	6.9	6.8	6.8	90158	91076	85183
Matanuska-Susitna	10591	10746	9805	1383	1444	1105	13.1	13.4	11.3	9208	9302	8700
Gulf Coast Region	25187	24925	23821	2013	2458	1865	8.0	9.9	7.8	23174	22467	21956
Cordova	1279	1282	1230	38	79	55	3.0	6.2	4.5	1241	1203	1175
Kenai	13156	13071	12362	1348	1624	1175	10.2	12.4	9.5	11808	11447	11187
Kodiak	5522	5475	5249	230	345	236	4.2	6.3	4.5	5292	5130	5013
Seward	1830	1754	1706	177	152	140	9.7	8.7	8.2	1653	1602	1566
Valdez	3400	3343	3274	220	258	259	6.5	7.7	7.9	3180	3085	3015
Interior Region	26649	26952	26443	3071	3382	2891	11.5	12.5	10.9	23578	23570	23552
Fairbanks	21787	22052	21491	2570	2841	2295	11.8	12.9	10.7	19217	19211	19196
Southeast Fairbanks	2122	2153	2159	194	226	233	9.1	10.5	10.8	1928	1927	1926
Upper Yukon	658	677	668	83	102	94	12.6	15.1	14.1	575	575	574
Yukon-Koyukuk	2082	2070	2125	224	213	269	10.8	10.3	12.7	1858	1857	1856
Northern Region	8770	8815	8715	701	735	657	8.0	8.3	7.5	8069	8080	8058
Barrow-North Slope	2345	2364	2329	168	185	155	7.2	7.8	6.7	2177	2179	2174
Kobuk	2750	2754	2726	246	246	225	8.9	8.9	8.3	2504	2508	2501
Nome	3675	3697	3660	287	304	277	7.8	8.2	7.6	3388	3393	3383

Southeast Region.....	30560	31311	31729	2617	3052	2638	8.6	9.7	8.3	27963	28259	29091
Angoon	443	450	447	73	76	62	16.5	16.9	13.9	370	374	385
Haines	1043	1061	1059	100	108	77	9.6	10.2	7.3	943	953	982
Juneau.....	10831	11053	11347	680	794	788	6.3	7.2	6.9	10151	10259	10559
Ketchikan.....	6746	6926	6773	864	981	653	12.8	14.2	9.6	5882	5945	6120
Outer Ketchikan	785	796	829	92	96	108	11.7	12.1	13.0	693	700	721
Prince of Wales.....	1451	1461	1583	157	153	237	10.8	10.5	15.0	1294	1308	1346
Sitka	4441	4623	4554	340	479	288	7.7	10.4	6.3	4101	4144	4266
Skagway.....	1442	1486	1534	74	104	111	5.1	7.0	7.2	1368	1382	1423
Wrangell-Petersburg.....	3398	3455	3603	237	261	314	7.0	7.6	8.7	3161	3194	3289
Southwest Region	11661	11871	10730	1207	924	752	10.4	7.8	7.0	10454	10947	9978
Aleutian Islands.....	2975	3074	2809	132	97	96	4.4	3.2	3.4	2843	2977	2713
Bethel.....	3891	3904	3535	565	422	361	14.5	10.8	10.2	3326	3482	3174
Bristol Bay Borough ...	401	409	368	26	16	10	6.5	3.9	2.7	375	393	358
Bristol Bay	1511	1549	1389	107	79	49	7.1	5.1	3.5	1404	1470	1340
Kuskokwim	1050	1072	957	143	123	92	13.6	11.5	9.6	907	949	865
Wade Hampton.....	1833	1863	1672	234	187	144	12.8	10.0	8.6	1599	1676	1528

P/=Preliminary 1981 Benchmark

R/=Revised

Federal guidelines require the use of unrounded labor data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor; because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature; meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.



PORT OF ANCHORAGE

History Brief

The site of the present day port facilities has roots going back to the early days of Anchorage and the city's first dock built at the mouth of Ship Creek. Under Army command the dock was primarily used for refueling ships with coal from the nearby Matanuska Mine. This dock was later abandoned and replaced with a new Ship Creek dock in 1927. The post WWII years brought significant growth and change to the Anchorage economy. The military established permanent installations in Anchorage, and the Anchorage Port Commission was created in 1946 to further facilitate this growth.

The Modern Port

The development and expansion of the Port of Anchorage in the 1960's was an integral part in insuring Anchorage of its position as the hub of the state's transportation network. Today from 70%-75% of the total tons of non-petroleum cargo shipped within the southcentral region (which includes Valdez, Seward and Whittier) goes through the Port of Anchorage to be distributed throughout the state via truck, air and rail.

The Port's "Berth One" was completed in April of 1961. In the eight remaining months of that year 38,800 tons of cargo were handled at the port. Less than 20% of the commerce was containerized and no bulk petroleum was shipped. In 1981 over 365,000 tons (2.6 million bbls) of bulk petroleum were shipped through the port. Non-petroleum cargo represented 78% of the total 1.7 million tons of cargo, of which 90% was containerized. The tonnage and make-up of the cargo has changed significantly over the years. Containerization was adopted in 1961 by the Alaska Steamship Co. on a limited basis. A significant factor in the port's growth was the emergence of the Port of Anchorage after the 1964 earthquake as the area's only major operable shipping facility, although it did receive extensive damage as a consequence of the quake. Following the trends of increased containerized shipping, Sealand Corporation in late 1964 started weekly year-round calls on the port. In 1965 containerized cargo became the prominent method of shipping non-petroleum cargo; tonnage share increased to over 70% of all non-petroleum shipments. Also in 1965 the POL (petroleum, oil and lubricant) berth was completed. Bulk petroleum, overnight, became the largest single item shipped through the port. At year-end over 70% of the total tons of cargo shipped through the port were petroleum related.

By 1970 another general cargo berth had been completed; however, petroleum shipments still represented the bulk of all shipments. TOTEM joined Sealand Corporation in making weekly calls on the Port of Anchorage in 1975, adding a new dimension of competitive service. In the mid 1970s the tonnage share characteristics began to change again and another general cargo berth was added. Petroleum shipment began to decline in 1976 as a result of the completion of the petroleum products pipeline from Kenai and the construction of the North Pole refinery. In 1976 general cargo shipments increased their tonnage share to 40% and by 1981 over 80% of all shipments were non-petroleum. As a result of declines in the petroleum products, overall tonnage has also declined. About the only cargo characteristic that has not changed over the years is that over 95% of all shipments are inbound. Of the outbound cargo, vehicles represent the bulk of those shipments.

So far this year total tonnage is above that of a year-ago. As of August, 1982, total cargo tonnage was up 4% above year-ago levels. Bulk petroleum shipments were down, but non-petroleum cargo tonnage was nearly 13% above year-ago levels

resulting in the overall tonnage increase. In all, 1,170,170 tons of cargo passed through the port this year, 85% of which was non-petroleum related.

Water Transportation Employment

Reflecting the overall increase in tonnage handled at the port this year, water transportation employment was also 10% above last August.

Water transportation employment has increased from 100 in 1961 to 400 in 1981. This growth is similar to growth of total Anchorage wage and salary employment resulting in the percentage share of water transportation to total employment remaining relatively constant over the years. However, since 1964 Anchorage water transportation employment as a percent of statewide water transportation employment increased from less than 10% in 1961 to 31% in 1976 and 1977 only to decline in 1978-80 (after the completion of the oil pipeline) and increase in 1981. Future growth will depend on coal export prospects (In 1980 over 27,000 tons of coal were sent to Korea in a trial shipment), expansion of port facilities, land availability in the port vicinity and competition from other neighboring ports.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
ANCHORAGE-MATSU

			CHANGES FROM:		
	P/	R/			
	8/82	**7/82**	**8/81**	**7/82**	**8/81**
Nonag. Wage & Salary.....	101050	100150	93100	900	7950
Mining	3800	3750	3300	50	500
Construction	10550	10400	8950	150	1600
Manufacturing	2850	3050	2650	-200	200
Trans. Comm. & Util.	10100	10000	9350	100	750
Trade	21550	21200	19100	350	2450
Finance-Ins. & R. Estate ..	6650	6550	6150	100	500
Services & Misc.....	20050	19800	18600	250	1450
Government	25500	25400	25000	100	500

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
ANCHORAGE

	P/	R/	CHANGES FROM:		
	8/82	**7/82**	**8/81**	**7/82**	**8/81**
Nonag. Wage & Salary	97350	96450	89400	900	7950
Mining	3650	3650	3200	0	450
Construction	10150	9950	8600	200	1550
Manufacturing	2800	3000	2550	-200	250
Food & Kindred Prod.	700	950	800	-250	-100
Other Mfg.	2100	2050	1750	50	350
Trans. Comm. & Util.	9850	9700	9100	150	750
Trucking & Wheeing.	1350	1250	1250	100	100
Water Transportation	550	550	500	0	50
Air Transportation	3600	3700	3400	-100	200
Other Transportation Comm. & Utilities	4350	4200	3950	150	400
Trade	20750	20400	18400	350	2350
Wholesale Trade	4800	4800	4400	0	400
Retail Trade	15950	15600	14000	350	1950
Gen. Merchandise	1950	1900	1900	50	50
Food Stores	2350	2350	2050	0	300
Eating & Drinking Places	5600	5450	4850	150	750
Other Retail Trade	6050	5900	5200	150	850
Finance-Ins. & R. Estate	6550	6500	6050	50	500
Services & Misc.	19500	19250	18250	250	1250
Government	24100	24000	23250	100	850
Federal	10100	10200	10100	-100	0
State	5750	5750	5350	0	400
Local	8250	8050	7800	200	450

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

INTERIOR/FAIRBANKS

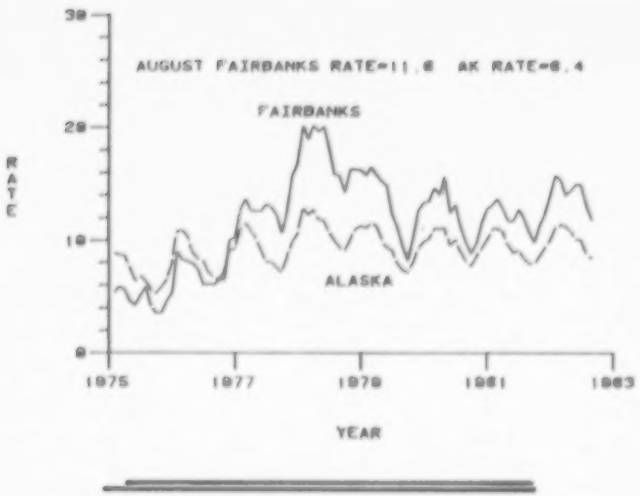
By Neal Fried

Interior's Summer Season

Given the nature of the Interior's seasonal economy, the summer is the most important time of the year for economic activity. This is the time of year when activity is literally crammed in to make up for time lost due to cold weather during the remainder of the year. It is a time of the year which many people wait for to earn their livelihood.

Fairbanks employment levels during a typical year fluctuate as much as 17%-18%, from the low month (usually January) to the high month (usually September). The health or lack of health of Interior's economy can usually be measured by the amount of activity that takes place during this short season. This is the only time of the year when certain economic growth can take place, such as the construction of new facilities, roads, etc. Other industries such as tourism depend almost entirely on this season. Therefore, with the season almost entirely over, we can begin to assess how Interior's economy has fared thus far this year. No matter how poor the shape of Fairbanks' economy, seasonal increases in the summer always

FAIRBANKS AND ALASKA UNEMPLOYMENT RATES



occur. What is important however, is whether the seasonal growth that takes place is below, exceeds or is a repeat of year-ago levels.

During the past four months, Fairbanks and the balance of Interior's wage and salary employment has exceeded 1981's by 2-3%. This growth (which Fairbanks has only been experiencing since 1981) has been stimulated by increased public funded construction and growth in military, government and North Slope activity. These basic industries have provided growth to the region's secondary industries, in particular trade, finance and services. The construction industry made the largest percentage gains (8%), but finance and services grew by 6% and trade by 4%.

There are two areas in the Interior which have not fared as well this summer. Both of these are areas which benefit Interior's rural residents in particular. The fire-fighting season was slow this year which meant less employment for many in rural Interior where wage income is often scarce. Last year there were more than 7 major fires and this year there was only one. It was simply a wetter summer—not very conducive to forest fires. This year's Yukon salmon fishery (the upper and lower Yukon) has also been very poor. Though it is a small commercial fishery compared to the rest of the state's catch (less than 1-2%) it is an important source of income for many of Interior's

residents. This year's catch has been less than half of last year's take and was significantly below the past 8 year's catch levels. The upper Yukon fall chum season has been down particularly this year. Both sources of employment are dependent to a large extent on nature—and therefore it is not unusual that major fluctuations occur from year to year. Despite these setbacks, employment growth in other areas has more than made up for these losses this summer season.

August's Wage and Salary Developments

August's statistics have contributed to this summer's growth with wage and salary employment reaching 23,700, about 750 above year-ago levels and the highest employment level since 1978. Construction got started or continued on a number of major projects this month. The $20 million expansion of the Fairbanks Memorial Hospital and the construction of 3 new elementary schools continued in August. Highway construction continued in high gear with such projects as the $938,000 College Road paving job, the $5.6 million Delta to 10 mile SE job, the $7 million Tok to Yerrick Creek project among a few of the major projects presently underway.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK INTERIOR

	P/	R/		CHANGES FROM:	
	8/82	**7/82**	**8/81**	**7/82**	**8/81**
Nonag. Wage & Salary.....	27250	26850	26500	400	750
Mining	250	250	250	0	0
Construction	2550	2500	2450	50	100
Manufacturing	600	600	750	0	-150
Trans. Comm. & Util.	3750	3750	3700	0	50
Trade	4650	4650	4500	0	150
Finance-ins. & R. Estate ..	900	900	800	0	100
Services & Misc.	5100	4850	4850	250	250
Government	9450	9350	9200	100	250

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
FAIRBANKS

	P/	R/	CHANGES FROM:	
	8/82	**7/82**	**8/81**	**7/82**	**8/81**
Nonag. Wage & Salary.....	23700	23400	22950	300	750
Mining	50	50	50	0	0
Construction	2450	2350	2350	100	100
Manufacturing	500	500	550	0	-50
Trans. Comm. & Util.	2900	2850	2850	50	50
Trucking & Whseing.	450	450	450	0	0
Air Transportation	750	700	700	50	50
Other Trans. Comm. & Utilities.....	1700	1700	1700	0	0
Trade	4300	4350	4200	-50	100
Wholesale Trade	700	700	700	0	0
Retail Trade.....	3600	3650	3500	-50	100
Gen. Merchandise & Apparel	400	450	450	-50	-50
Food Stores.....	600	600	550	0	50
Other Retail Trade	2600	2600	2500	0	100
Finance-Ins. & R. Estate ..	850	800	750	50	100
Services & Misc.....	4700	4450	4400	250	300
Government	7950	8050	7800	-100	150
Federal	2500	2550	2550	-50	-50
State	3350	3350	3250	0	100
Local.....	2100	2150	2000	-50	100

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A further boost in August came from this year's sealift to Prudhoe Bay. This year's sealift is the second largest sealift to Prudhoe Bay. Since 1969 the sealift has been an annual affair, and August is normally the only time the arctic ice pack moves out for a 6 week period, allowing the barges to deliver their cargo. The sealift demands additional labor to unload and put in place the building modules brought up on the sealift. According to ARCO and SOHIO this means approximately 400 workers, and many of these workers come out of the union halls in Fairbanks.

GULF COAST

By Neal Fried

LABOR FORCE

Gulf Coast's labor force statistics remained dynamic in August. The region's employment grew, unemployment fell, bringing the Gulf Coast unemployment rate (8%) below most other regions in the state. This is a rare occurrence, and it only happens during July and August when the salmon season reaches its brief peak. These unemployment rates however, will rise as rapidly as they have fallen with the end of the salmon season.

NONAGRICULTURAL EMPLOYMENT

Wage and salary employment grew by 1,000 in August, one of the largest one month gains this year. Employment also registered 1,400 above year-ago levels, the largest over the year gain this year. Almost all industries in the region contributed to this growth, with fish processing contributing 50%. Due to price disputes in the fishing industry, employment this summer had been consistently falling below 1981 levels. In August the season broke loose however, particularly in the Cordova region, where catches were large enough to make up for the short falls in previous months. This brought catch levels up to 1981's levels. So much activity was concentrated in one month's time, that Cordova and Kodiak unemployment rates fell by as much as 50%. This is simply another example of the volatile fishing industry, and the effects it has on the region's overall labor market statistics.

Though fish processing employment provided the lion's share of August's increases, a number of other industries in the region contributed to the over the month and year growth. Construction has been the second major contributor to this growth-as publicly financed projects such as schools, highways, and other projects reach their peak months of activity. Gains, though modest have also been made in trade, transportation, services, and government. Though the increase in the non-fish processing industries was not as dramatic, these industries have sustained over the year growth for almost the entire year and not just for a couple of months time.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
GULF COAST

			CHANGES FROM:		
	P/	R/			
	8/82	**7/82**	**8/81**	**7/82**	**8/81**
Nonag. Wage & Salary.....	20100	19100	18700	1000	1400
Mining	900	900	900	0	0
Construction	1350	1300	1100	50	250
Manufacturing	6200	5350	5500	850	700
Food & Kindred Prod.....	5300	4450	4500	850	800
All Other Mfg.	900	900	1000	0	-100
Trans. Comm. & Util.	1750	1800	1650	-50	100
Trade	2700	2700	2600	0	100
Wholesale Trade	450	450	450	0	0
Retail Trade.....	2250	2250	2150	0	100
Finance-Ins. & R. Estate ..	450	450	450	0	0
Services & Misc.....	2750	2700	2650	50	100
Government	4000	3900	3850	100	150
Federal	500	500	550	0	-50
State	1350	1350	1350	0	0
Local.....	2150	2050	1950	100	200

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Benchmark Date March 1980.

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R/ Denotes revised estimates.

SOUTHEAST ALASKA

By Debbie Berggren

NONAGRICULTURAL EMPLOYMENT AND LABOR FORCE

Southeast nonagricultural wage and salary employment increased 1% during August to 29,000. This was 300 jobs above July. The unemployment rate decreased 1.1 percentage points to 8.6%.

During August, manufacturing employment increased by 50 jobs. While pulpmill employment increased approximately 100 jobs, logging and sawmill employment dropped by 200 jobs. Food processing employment increased 5% to 1,450.

Eating and drinking establishment employment increased 3% over the month and was 21% above last year. The over the month increase accounted for over half of the increase in retail trade employment. All other sectors of trade experienced employment increases. As a whole, construction remained at July's level of 1,650. A closer look shows that building construction employment increased 50 jobs while heavy construction decreased by 50 jobs. Special trade's employment was unchanged from July.

As schools prepared for the new school year, local education employment increased by 150 jobs. All other government was unchanged.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
SOUTHEAST ALASKA

	P/ 8/82	R/ 7/82	8/81	CHANGES FROM: 7/82	8/81
Nonag. Wage & Salary.....	29000	28700	29350	300	-350
Construction	1650	1650	1700	0	-50
Manufacturing	3850	3800	4950	50	-1100
Food & Kindred Prod.....	1500	1400	2350	100	-850
Lumber & Paper Prod....	2050	2150	2350	-100	-300
All Other Mfg.	300	250	250	50	50
Trans. Comm. & Util.	2650	2700	2800	-50	-150
Trade	4500	4400	4150	100	350
Wholesale Trade	450	450	450	0	0
Retail Trade.....	4050	3950	3700	100	350
Finance-Ins. & R. Estate ..	1100	1100	1050	0	50
Mining.					
Services & Misc.....	4350	4300	4000	50	350
Government	10900	10750	10700	150	200
Federal	2100	2100	2200	0	-100
State	5150	5150	4850	0	300
Local.....	3650	3500	3650	150	0

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Benchmark Date March 1980.

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HOURS AND EARNINGS IN JULY

By Su Hendrix

As most union contracts schedule annual pay rate increases in July, many construction firms reported raises for their employees. The raises resulted in a 5% increase in average hourly earnings for those working in the construction industry. It appears that all sectors of this industry were affected, some as much as $3.00 an hour. Slightly higher overtime hours by some firms contributed to these increases as well.

The average hourly wage in the manufacturing industry dropped 13%, as employment of lower paid food processors increased 75% and the employment of higher paid wood and paper processors dropped off.

With many food processors launching themselves into the salmon season, the average weekly hours jumped 13% in July. The average hourly earnings showed a typical drop at this time due to temporary workers being hired by firms that operate only during this season.

All sectors of the finance, insurance, and real estate industry showed increases in average weekly earnings. The largest jump occurred in the real estate sector, however. These increases resulted in a 6% upturn in average weekly earnings for the industry as a whole.

ALASKA
HOURS AND EARNINGS
FOR
SELECTED INDUSTRIES 1/ 2/

	Average Hourly Earnings			Average Weekly Hours			Average Weekly Earnings		
	p/ 7/82	r/ 6/82	7/81	p/ 7/82	r/ 5/62	7/81	p/ 7/82	r/ 6/82	7/81
MINING	$21.46	$20.74	$19.05	53.6	54.6	51.9	$1150.26	$1132.40	$988.70
CONTRACT CONST.3/	23.86	22.77	20.43	46.1	44.5	48.1	1099.95	1013.27	982.68
MANUFACTURING	10.57	12.11	10.42	41.8	39.0	48.0	441.83	472.29	500.16
Food & Kindred Prod.	8.16	8.62	8.85	42.8	37.8	51.3	349.25	325.84	454.01
Lumber & Paper Prod.	14.69	14.94	14.18	38.8	41.6	40.7	569.97	621.50	577.13
TRANS., COMM. & UTIL.	14.95	14.70	14.14	38.6	38.8	40.0	577.07	570.36	565.60
TRADE	9.73	9.70	9.47	35.7	35.0	35.1	347.36	339.50	332.40
Wholesale Trade	11.75	11.89	11.50	38.5	38.1	37.6	452.38	453.01	432.40
Retail Trade	8.88	8.75	8.66	34.6	33.9	34.2	307.25	296.63	296.17
FINANCE, INS. & R.E.	--	--	--	--	--	--	360.68	339.76	312.64

1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor

2/ Excludes eating and drinking establishments

3/ Due to technical revision in construction sample, 1982 estimates are not strictly comparable to previous years data.

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.